Influence Profitability, Investment Decisions, Capital Structure, Leverage and Corporate Values Against Company Size
(On The Empirical Study Of Manufacturing Sector Pharmaceutical Sector Sub Consumption Listed In Indonesia Stock Exchange Period 2012 - 2016)

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Abstract: The purpose of this research is to know the influence of Profitability, Investment Decision, Capital Structure, Leverage and Company Size to Company Value in the manufacturing sector of the consumer goods sector of pharmaceutical subsector registered in BEI period 2012-2016 by using purposive sampling method.

The research method used in this research is quantitative. The data used is secondary data obtained from www.idx.co.id dan obtained population sample of 7 companies from 10 companies. The analysis models used in this research is multiple linear regression models by using the software program of Statistical Product and Service Solutions (SPSS 20.0).

The results showed that Profitability with Proxy of Return On Assets (ROA) and Capital Structure with Debt to Equity Ratio (DER) proxy, positively Affect the Company Value in each manufacturing sectors of the consumer goods sector Pharmaceutical sub-sectors listed on the Indonesia Stock Exchange. Meanwhile, the Company's Size, Leverage and Investment Decision with Price Earning Ratio (PER) proportion have a negative effect on the value of the Company in each sector of the consumer goods manufacturing sector of pharmaceutical sub-sectors listed on Indonesia Stock Exchange Period 2012-2016.

1. Preliminary

Maximize the value of the company can be termed as enhancing the prosperity of the company owners or shareholders also means maximizing the stock price of the company. The objective of maximizing the value of the company was used as a measure of success of companies due to the increased value of the company means increased prosperity also shareholders of the company (Martono and Harjito, 2010)[1]. In the era of globalization, shareholder value will increase if the value of the company increased characterized by a high rate of return on investment to shareholders[2-3]. For companies that are not publicly traded, the company's value is determined by the assessment institution while for companies going public the company's value can be seen, for example, the assets owned by the company, management expertise in managing the company.

Owner of the company will demonstrate to potential investors that their company viable as an alternative to be able to invest properly [4-5]. If the owner of the company is not able to demonstrate a good signal about the value of the company, then it is likely the company's value will be at a low level. While the value of the company for the companies that have gone public, it can be seen from the mechanism of supply and demand on the exchange, seen from the listing price. The higher the stock price the higher the value of the company (Martono and Harjito 2010) [6-7] then it is likely the company's value will be at a low level. While the value of the company for the companies that have gone public, it can be seen from the mechanism of supply and demand on the exchange, seen from the listing price. The higher the stock price the higher the value of the company (Martono and Harjito 2010) [8].

The profitability of the company may affect the value of the company. High profitability demonstrates the company's ability to generate higher profits, so investors have a positive view of the stock price ultimately increases company value. The positive influence on the value of the company's profitability has been demonstrated by Ayuningtias and Kurnia (2013) and Nurhayati (2013)[9-10].

Investment decisions also affect the value of the company. Investment decisions regarding how managers should allocate funds appropriately so profitable period to the next. [6] If the investing company is able to manage the company's resources efficiently, enabling investors to give credence to the company. Thus the higher the profits the company the higher the value of the company, which means the greater prosperity of the shareholders[11-12].

The capital structure is closely related to the determination of the proportion of capital and debt in its use for growth and enhance shareholder value. The capital
structure is one factor that determines the value of the company [13].

Leverage is an indicator that measures the extent to which the company is financed by debt. With this ratio can be seen the extent to which the company's ability to repay the debts that may affect the value of the Company. The leverage ratio is often used among others as follows: Total Debt to Assets Ratio, Debt to Equity Ratio, Long Term Debt to Equity Ratio and the Times Interest Earned. The use of long-term debt interest expense has to be paid by the company every year; this may reduce the profitability of Kashmir (2012)[14].

Company size is a variable that plays a major role as well for the company. Size to show how high sales company acquired the company. The sale is an important role for the company and have a strategic impact on the company. In order to start the sale of the company requires the company's assets. The increase in sales should be followed by an increase in the assets of the company [15].

2. Theoretical Review

2.1. Signal theory

Signalling Theory explains how the company gives a signal to users finance Signalling report this form of information about what has been done by the management in realizing the desire Signalling Theory declared expenditure to invest can give a positive signal about the company's growth in the future, thus increasing the share price as an indicator the value of the company. Price to Book Value (PBV) indicates the ratio of the market price of the stock to its book value (Brigham and Houston, 2006: 111).

2.2. Financial statements

The financial statements according to IAS (2015: 18) "A structured presentation of the financial position and financial performance of a entity. The purpose financial statements is to provide information regarding the financial position, financial performance and cash flows of the entity that will benefit the majority of the users reports in decision-making economy ".

2.3. Company Value (Y)

The value of the company is investor perception of the company where it is often associated with the company's stock price. Values are something to be desired if the value is positive in the sense of fun and facilitate profitable or those who obtain it to fulfill its interests with regard to these values. (Tika, 2012: 40).

2.4. Profitability

Profitability according to Sutrisno (2012: 16) "The company's ability to generate capital gains by all who work in it".while according Martono and Agus (2010: 53) Profitability is the ratio that indicates the company's ability to benefit from the use of capital.

2.5. Invesation decision

The investment decision is a decision that can be risky. Thus the need for an analysis of the feasibility so that the risk of failure and loss can be minimized so that the profits generated can be optimized. Investment is the investment activity into an asset in the hope of earning year running and future, MartonodnHarjito (2010: 138). Investment decisions can be proxied by Price Earnings Ratio (PER). PER provides comparative information between the Closing Price to earnings per share unit. Price Earning Ratio is a measurement of the percentage.

2.6. Capital structure

According to Fahmi, (2014: 106) Capital structure is the description of the form of financial proportions of between capital owned sourced from long-term debt and capital itself becomes a source of financing a company.

2.7. leverage

Leverage indicates the proportion of funding companies financed with debt. The higher the leverage of a company means the higher the dependence of the company to creditor. Ratio is used to provide an overview of the capital structure of the company so that it can be seen the level of risk of non-collection of a debt. The study examines the effect of the level of leverage that is proxied by debt to equity ratio (DER) to the mandatory disclosure of financial statements of the company shows that the larger manufacturing companies leverage the disclosure of financial statements also more complete.

2.8. Company size

According to Sharon Rose, et al (2015) the size of the company also determines the value of the company. The larger the size of a company then the company is considered the easier it is to get funding source for the company operations. The better and more and more sources of funds received, it will support the company's operations to the maximum, so it will increase the price of shares of the company.

Framework
3. Research hypothesis

3.1. Profitability Influence Against Corporate Values

Pantow et al (2015) states that the return on assets (ROA) is one measure of revenue generated or provided for company owners or shareholders on the capital they have invested for the company. With great ROA value indicates that the company is in good condition. From these explanations it made the following hypotheses:

\[ H_1 \]: Return on Assets (ROA) has a positive effect on firm value.

3.2. Influence Investment Decisions Against Corporate Values

Norma Safitri (2015) stated that the investment decision is positive and significant effect on firm value. With a great investment value as indicated by increasing share prices provide good information for investors. With a large stock price is a good indicator or signal for the company's growth in the future.

Based on the explanation above, it can be made the following hypotheses:

\[ H_2 \]: Price Earning Ratio (PER) has a positive effect on firm value.

3.3. Effect of Capital Structure Against Corporate Values

Norma Safitri (2015) states that the Current Ratio (CR) significantly affects the value of the company, High liquidity can indicate the funds available to pay dividends, to finance the company's operations and investments so the perception of investors on the company's performance is getting better. To see if the company is less capital or not, the investor can see from the current ratio current ratio provides information about the company's ability to pay its current debts with assets owned by the company. Based on the explanation above, it can be made the following hypotheses:

\[ H_3 \]: Current Ratio (CR) has a positive effect on firm value.

3.4. Effect of Leverage Against Corporate Values

Johan Halim (2008) stated that the investment decision is positive and significant effect on firm value. With a great investment value as indicated by increasing share prices provide good information for investors. With a large stock price is a good indicator or signal for the company's growth in the future.

Based on the explanation above, it can be made the following hypotheses:

\[ H_4 \]: Price Earning Ratio (PER) has a positive effect on firm value.

3.5. Influence Against Company Size Company Value

Son and Lestari (2016) which states that the size of the Company's significant positive effect on company value. This shows that the positive direction if the size of the company increases, the value will increase. The positive influence that indicate that large companies are usually able provide operating results greater than small companies, because of the large operating results, the company is able to provide returns more profitable investment. Based on the explanation above, it can be made the following hypotheses:

\[ H_5 \]: The size of the company and significant positive effect on firm value.

4. Research Methodology

4.1. Types of research

This study is a quantitative research to form a causal relationship, this study focuses on the influence of the independent variables that use the images to the learning outcomes as the dependent variable. Sugiyono (2012) explains that the causal relationship is causal. Thus, in this study shows that there is causality between the dependent variable to the independent variables.

4.2. Population and Sample

The population used in this study a number of its 10 sub-sectors listed on the Stock Exchange of Pharmacy the period 2012 - 2016. This study used purposive sampling, in accordance with the criteria specified acquired 7 companies which can be sampled.

2. Companies belonging to the manufacturing industry that
is listed on the Stock Exchange and publish the financial statements of successive years from 2012 to 2016.

3. The manufacturing company who suffered losses during the period 2012-2016.

4. The manufacturing company that has a complete data required in this study.

4.3. Data collection technique

Data used in this research is secondary data that is listed in the Indonesia Stock Exchange were taken in the period 2012-2016 and the financial statements using the program Statistical Package For The Social Science (SPSS) 20, the data were analysed using multiple linear regression through the test requirements. Multiple linear regression equation used in this study are:

\[ Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + e \]

Information :

\[ \begin{align*} 
Y &= \text{Value Company} \\
\alpha &= \text{Constant} \\
X_1 &= \text{Profitability} \\
X_2 &= \text{Investment Decisions} \\
X_3 &= \text{Capital Structure} \\
X_4 &= \text{Leverage} \\
X_5 &= \text{Company Size} \\
\beta_1, \beta_2, \beta_3, \beta_4, \beta_5 &= \text{Coefficient of regression} \\
e &= \text{error} 
\end{align*} \]

5. Results and Discussion

This test aims to determine the influence of each independent variable partial (individual) on the dependent variable. Based on the results obtained from the table above, it can be explained as follows:

1. Profitability coefficient between t and t table which \((4,786 > t \text{ table 2.045})\) using the value of the firm value can also be seen that the value of 0000 enterprise value less than 0.05 \((0.000 < 0.05)\), thus Ha\(_1\) received. It can be concluded that partially there is significant influence between the profitability of the enterprise value.

2. Coefficient of regression testing investment decision on the value of the company.

The comparison between t and t table namely \((-4663 \text{ t} < \text{t table 2.045})\) using the value of the firm value can also be seen that the value enterprise value of 0.000 is less than 0.05 \((0.000 < 0.05)\), thus Ha\(_2\) received. It can be concluded that partial no significant effect between investment decisions with enterprise value.

3. Testing regression coefficient variable capital structure of the value of the company.

The comparison between t and t table which \((4,956 > 2.045)\) using the value of the firm value can also be seen that the value enterprise value of 0.000 is less than 0.05 \((0.000 < 0.05)\), thus Ha\(_3\) received. It can be concluded that partial no influence between capital structure of the value of the company.

4. Leverage variable regression coefficient testing of the value of the company.

The comparison between t and t table namely \((-3470 \text{ t} < \text{t table 2.045})\) using the value of the firm value can also be seen that the value of the firm value is less than 0.05 \(.002 (.002 <0.05)\), thus Ha\(_4\) received. It can be concluded that partial no influence between leverage the value of the company.

5. Size variable regression coefficient testing company to value the company.

The comparison between t and t table namely \((-0551 \text{ t} < \text{table 2.045})\) using the value of the firm value can also be seen that the value of the firm value for 0586 is greater than 0.05 \((0.586 > 0.05)\), thus Ha\(_5\) rejected. It can be concluded that partially there is no effect between company size Rated Companies

6. Interpretation of Results

6.1. Profitability influence on Company Value

These results indicate that profitability is partially no significant effect on the value of the company. The higher the ROA, the higher the company's ability to generate profits and will make the company's profitability is high. High profitability will give a positive signal to investors that the company is in a favourable condition. high demand for stock which will make investors appreciate the value of the shares is greater than the value recorded on the balance sheet of the company, so the company PBV high and the company's value too high. The results of this study are consistent with studies conducted by previous researchers, namely Sri Ayem and RaginNugroho (2016), Full Moon Day (2016).

6.2. Effect of Price Earnings Ratio (PER) Against Corporate Values

These results indicate that the Price Earnings Ratio (PER) and a significant positive effect on firm value. Investment decisions using the Price Earnings Ratio (PER) can assist investors in determining the size of the investment, Price Earnings Ratio (PER) describes how the company's profit shares to its stock price. Thus, the results consistent with the hypothesis made and inconsistent with Ayem research and Nugroho (2016) states that the investment decision is a positive influence on the value of the company.

6.3. Effect of Capital Structure of the Company Value

The results of this study showed that partially significant effect on the capital structure of the Company Values. Capital structure to explain whether there are effects of changes in capital structure to the company's value, if the decision of Financial Statements Turnover Working Capital Current Assets Turnover Capital Structure Profitability Debt to Equity Ratio investment is held constant in other words if the companies to replace some of their own capital to the debt, or conversely whether the stock price will changed. But if by changing its capital structure turned out to be the value of the company changed, it will obtain the best capital structure. The results of this study are not consistent with research conducted by previous researchers, namely Norma Safitri (2015) significant negative effect on the Company Values.

6.4. Effect of Leverage Against Corporate Values
The results of this study showed that partially Leverage significant effect on the value of the company. A company is said to be solvable if the company's total debt is greater than the total of the company. By increasing the leverage ratio shows the amount of funds provided by the creditor. This will make investors cautious to invest in companies that the leverage ratio is high because the higher the leverage ratio the higher the investment risk, the results of this study are consistent with previous research studies conducted, PutuPutuMikhyNovari and Vivi Lestari (2016) namely significant negative effect on the capital structure.

6.5. Influence Of Value Oriented Company Size

The results showed that the size of the company does not significantly affect the increase in the value of the company. Size companies that do not have a significant effect meaning that company size is not a consideration for investors in investing. The size of the company's size does not necessarily reflect a good performance in a company. Because if a company has a great asset but the company is not able to manage the assets of the company properly, it will cause the company's performance will decline. Thus the results of this study are not consistent with the hypothesis made and inconsistent with Novariresearch and Lestari (2016), which indicates that company size affects the value of the company. While this research is consistent with research Pantow, Pure,

7. Conclusion

Then, the conclusion obtained is Return on Assets (ROA) and Price Earnings Ratio (PER) Capital Structure and Leverage significant effect, while the size of the company does not significantly influence the Company Values. (1) Managerial Implications for companies indicate: Management should be able to improve performance and better manage your assets, in order to increase the confidence of investors to invest(2) The investment decision that will either result in the emergence of profit income for the company, so that with increasing corporate profits will improve the welfare of its employees. With the right investment decisions can make the value of the company increases. (3) management must be able to manage capital well in accordance with the existing structure (4) management must be able to balance and manage the fund's internal and foreign funding which will be influential on firm value (5) The management of each company must constantly improve its performance in order to large size companies still have a good performance, so the size of a good company can reflect the good corporate growth and value good company any way. As for investors should consider the information contained in the financial statements in order to invest appropriately and profitably, investors should not just look at the size of the company, but the performance of the company to be used as a place for investment, investors should consider market or consumer needs to be able to see the opportunities that nice so that no one in investment clicking.

Ethical clearance - Not required

Source of funding- Self

Conflict of Interest - Nil

References

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